App. F. IX-4

Previous References.

1943-4
Seri)

File No. 251-(
Serial Nos. 1—6.

Later References.
Seri 44-44
Seri 44-44 — 33-50, 62

PRESERVED

GENERAL AND REVENUE SECRETARIAT

erial Nos.
P. 76
E

Part B for April '45

SUBJECT

Memorial of the filatures for a share in the Surplus amount.

.O.No 6647-8 Bp-4.45

Memorial — Filatures to share in

Continuation Sheet. File No. Seri 251 Current No. 7596 of 43 L 4H 7655 Page. 1

Memorial dt 28.8.44 of the Chairman of the Mysore Silk Filatures, Ltd. T. Narasipur, requesting that the Filatures may also be given a share in the distribution of the surplus resulting from the sale of controlled silk.

1) Please see the minutes of the Dewan & Minister R&L on the memorial.

2) The main points urged in the memorial are (1) that the filatures are engaged in the production of silk for war purposes, (2) that the margin of profit allowed to the filatures is small (4%) as compared to the rate of profit provided by the formula controlling the price of charaka silk, which besides a share in the surplus allowed to the reelers, (3) that the reservation of the filatures silk for war purposes, & its withdrawal from civilian consumption have enabled the rest of the silk to be sold at a high profit, (4) that the policy of Govt. is to encourage filatures & discourage charakas & (5) that, like the charaka reeler, the filatures deliver their silk at a controlled price to the Govt. Depots. It is further represented that, in case the filatures are not allowed to share in the surplus, they may be permitted to retain all their non-parachute quality silk, with full freedom of disposal in the open market.

3) The question of distribution of surplus resulting from the sale of controlled silk has been fully discussed in the file Seri. 97-43 and also in the record note of discussions on 28.3.44 in the chambers of the Minister for Rev. & Law, ~~in the matter~~. Reference is invited to paras 20 & 39 +40 of the notes in the above file. It has been decided to distribute the surplus after deducting the expenses in the following

ner viz. (1) ⅓ of the surplus to all suppliers of no matter any distinction between reelers whose cocoons are supplied to the filatures & those who supply to charaka establishments;

(2) ⅓ of the surplus among the reelers who have supplied the silk sold in auctions & have contributed to the accrual of the surplus, the filatures also getting their share of the surplus amount on the basis of the quantity of sub-standard silk given by them & sold in auction sales; &

(3) ⅓ of the surplus amount for the development of the Sericultural industry in the State.

4) It is considered that the filatures are under a definite contract with the Govt. for the supply of silk at rates agreed upon with a definite margin of profit & that they cannot expect to get anything beyond the terms of the contract. The following extract of the Minutes dt. 14.4.44 of the Minister for Revenue & Law explains the reasons for non-participation of the Filatures in the distribution of the surplus amount:-

"" Filatures will get a share only if they send in silk for sale & the share will be proportionate to the quantity sent by them. Under the Expansion Scheme the filatures are (1) assured of a fixed rate of profit, (2) given assistance by way of loans & advances for capital and working expenditure, (3) given materials for reeling machinery at controlled rates, (4) guaranteed disposal of silk produced by them at fixed rates for three years. Charakas are faced with gradual elimination. Profits or rather surpluses obtained by sale of charaka silk cannot be claimed by filatures."

5) This question seems to have come up for discussion in the meeting held on 15.5.44 & reference is invited to the record of discussions as reported by the Reporters brought by Mr. Mac-Farquhar. The Govt. of India suggested that the distribution of the surplus to reelers & reelers, but filature reelers at a disadvantage & asked this Govt. to consider the expediency of stopping such payments. But the Govt. of Mysore were not prepared to admit that these payments operated unfairly on the filatures, & that the filatures enjoyed various privileges.

6) The alternative request that the filatures may be permitted to retain all their non-parachute quality silk & dispose of the same in open market seems to be contrary to the provisions of the Silk control Order & the scheme of distribution according to which all such silk should be handed over to Govt. & disposed of in auction sales in which case the filatures will have a share in the surplus in proportion to the quantity of such silk given. It may not be desirable to sanction this request.

lcm 17/6/44.

Submitted for perusal & orders.

12/6

(Chief Secy)

The matter has been considered & decided previously. The memorial is for a reconsideration of the Order.

20/6/44

(Min R & L)

I agree.

21/6/44

Cannot take money realised by the sale of Chawki Silk & give it to the filatures. It will be robbing

(D. ... Paul

Memorial of the Filatures for a share in the Surplus accounts

Continuation Sheet. Seri File No. 251 7655 of 43-44
Current No.

As regards the other works when the silk not wanted by the G of I is delivered to the Silk Controller for disposal, the filatures will be paid on the same basis as charkhas are paid. There are two grounds for preferential treatment in the interest of the ends by which the fund will be applicable is more to the benefit of the filatures than to the charkhas. They can not therefore be classified from the "Cottage Industries" to the fund. In the present arrangement all kinds parties & any alteration with proposals involves Compensation that was in favour of the Silk Corporation of Devan Nath

J.C.C
6.8.44

Dewan

WG 11/8/44

is put up showing the quantities of filature silk purchased by the Supply and of charka filature silk (including off grade filature silk) taken over and put up to another under the control and what prices (including bonus) have the two classes of reelers obtained per lb of silk produced by them (

Sir. 2/8/44

2/8/44

16) Draft of a D.O. letter to the S.I.O. is put up as under

3/8/44

Sd/- Illegible

3/8/44

Letter No 881 dated 3.8.44.

To the S.O. S.T.S.

Requests him to furnish particulars as sought with reference to the quantities of filature silk purchased by the Supply Dept. Vide filature & charka silk sold at the public auction etc.

17 Resubmitted with reference to para 16 supra.

7/8

18 Please put up on 14/8. SL

7/8 Reminded the Dy Silk Controller over the

11/8

19) The file is resubmitted.

14/8/44

20 I have reminded M.T.K.K. ag

16/8

Letter No. GL 414/44-45 dt 17.8.1944 3
from the Cocoon & Silk Controller. Furnishes particulars
re: quantity of silk produced, quantity of silk given
to Govt. of India, quantity of silk received from the
reelers etc.

21/ The statement is subd for orders with
reference to para 14 above.

22/ The full information is not received.
I have telephoned to Mr T K K. Please
await a further statement

TKK 26.8.44

23 Further statement has been received & is kept
below.

24 The statements forwarded by the
Silk Controller are subd for perusal.
Refer para 14.

Chief Secy) TKK 25/8/44

25 Please see me.

WD
27/8/44

TKK 28/8

26 The information obtained from the
PL Officer is for perusal.

Fin. R & L) 27 Secy. WD 28/8/44
< Dewan) Has S.O sent up his views TKK
on the ~~Government~~ Report.
Of the Ritchies for relief in
respect of loss in Rendilli?

Ste 31/8 WD 2/9/44 TKK

CHIEF SECRETARY 1634 27 AUG 1944

OFFICE OF THE MINISTER FOR REVENUE & LAW 28 AUG 1944 No. 1446

Memorial of the filatures for a share in the surplus distribution.

11.9.44
14.47

The Special officer's reply has been received & the connected file D. No. 8206/ is sent. ~~Linked to this~~ (separately) for orders. Reply para 7.

(Sgd.) Chief Secy) 5.9.44

4.9.44.

The Spl Officer has sent his report re the payment of an ex gratia compensation to the filatures in respect of losses incurred by them for the period since June 1944. On a full consideration of the circumstances, he has recommended that the filatures may be paid Rs 2/8 less the sum which accrued due to high rejection

Sd

(3) The question of paying an ex-gratia compensation referred to in paras 28 & 30 is separately under consideration (D. No. 577) & a draft letter to Mr Macfarquhar, Dy Dir Genl of Supply is being put up.

(4) Messrs N. Rama Rao & N.R. Srinivasa Iyengar (Chairmen of Mys Mills Ltd & SS. Mills Ltd) met the Minister R&L on 10.8.44 to make representations re: giving their filatures a share in the surplus & they have made some other alternative suggestions also in this connection. They have requested that the non-parachute quality silk produced by them & not taken over by the Govt of India for war purposes may be permitted to be disposed of by them or ~~to arrange to provide~~ that the entire auction sale price of such silk may be credited to them (instead of paying them the controlled price). They have also requested ~~that arrangements be~~ the question of ~~permitting them to dispose of~~ treating the silk produced in the old basins differently from the silk produced under the Expansion scheme in regard to prices, surplus distribution scheme etc. This file may be examined. This file has been unofficially referred to the Spl Officer for remarks. The receipt of this file may perhaps be awaited & ~~before~~ the question in this file considered along with the ~~of~~ alternative suggestions of the filatures.

(Chief Secy) TO 14.9.44 325 Sd for

Perusal.

Dewan)

14/9/44

36) Noted
20/9/44

21/9/44

37) Submitted for orders. The file about the record note of discussions of the meeting held on 10.8.44 received from the Special Officer with his remarks is linked.

38 Regarding the question of paying an ex-gratia compensation on account of higher rewitta, the Govt. of India have agreed to pay to the filatures the actual cost of cocoons used to produce silk & the question of apportioning the amount payable by the Govt. of India & this Govt. in this behalf is separately under consideration.

lcm 11/10/44.

39 As regards the release of silk produced in the old basins for civil consumption, this question was considered at the meetings held on the 17th & 18th Oct 44 & it was decided that the matter might be ~~pursued~~ considered at every quarterly conference & some silk made available for release to the power looms as early as possible.

40 As regards permitting the filatures to retain the non-parachute quality silk produced by them or in the alternative, to hand over to

Memorial of the filatures for a share in the surplus amounts 1204.

Continuation Sheet. File No. Sericulture 25/1 Current No. of 43-44 Page

them the entire sale proceeds of such silk. This question has been discussed in the linked file (vide paras 3-5, 7, 20 & 28) & a reply was given to the Hyd Spnrs that it is not possible to comply with their request, as govt. are not in favour of making any change in the existing procedure. Silk Mills Mar (Play (linked file).

OFFICE OF THE MILLS FOR REVENUE & SUPPLIES
2000
DEC 2 1944
No. 4225

4) The point for orders in this file is whether the filatures may be given a share in the distribution of the surplus resulting from the sale of controlled silk. Ref. paras 10-14, 33 - 36 of the notes supra.

27/11/44 Chief Secy) 1.12.44

The present policy and method of surplus distribution came in for a considerable amount of criticism, particularly at the last October reference.

In Madras, it is ascertained that no share of the surplus is passed on to the cocoon or reeler, in the shape of bonus or in any other form.

The question of surplus distribution requires to be carefully examined once again.

Im 7 & (S.S.) MD 1/12/44

(A) I agree. I would be glad to discuss this matter, — with all the relevant papers ready to hand — at an early meeting with the Ch Secy & the S.O. (This

MD 16/12

File No.
Current No.

Copy of D.O. letter No. Sy/Tx-6 (171) of 4.12.1944 from Mr. Targett, Director of Supply, New Delhi, in the matter of re-imbursement of losses sustained by the Filat on account of the difference between the assumed market) rendita and actual rendita.

1) Reference is invited to paras of the letter with regard to the revision of allocation of profits, fixation of charaka silk price at a lower price and immediate reduction of licenses issued to charaka reel

2) According to the existing orde the surplus realised by the sale of charak silk in public auction, is distributed in pr proportion among the reelers, reelers and Sericultural Development. It is seen from the letter that the payment of an unconditional bonus to the ~~chara~~ cocoon reelers who were overpaid in the incorrect fixation of rendit is neither necessary ~~and~~ nor justifiable that the grant of bonus to the charaka s should be abandoned, as it defeats the ai policy of export. The Filature companies ar also urging for a share in the surplu the file is submitted separately for ~~the~~ Bonus to the reelers & reelers has already ~~bee~~ paid up to the period 15.11.43 & arrangeme are being made by the Special Officer to p for the remaining period.

WD 0726—GPB—25,000—15-9-44

P.T.O.

3) The Special Officer may be consulted with regard to all the points raised in the above note.

Sericulture 4) For orders.
13/12/44

5) This file is opened for dealing with the question of revising the surplus distribution scheme. The Officers representative of Govt of India urged at the quarterly Silk Conferences held in May & October 1944 for a revision of the existing basis of distribution which tended to encourage the charakas by granting bonus. The filatures participating in the Expansion scheme have also been agitating for share in the surplus: Representations were made in the R.A. on behalf of the cocoon rearers for granting a larger share to the rearers.

6) This question may be examined fresh in the light of these later developments. It is for orders if it may be discussed at a small meeting of the following gentlemen presided over by the Minister Agriculture.

1. The Chief Secy to Govt.
2. The Spl Officer, S.F.B. scheme.
3. ~~The Chairman, Mysore Silk Filatures Ltd~~
3. The Chairman, Mysore Silk Filatures Ltd.

Submitted for orders.

Chief Secy 13/12/44

This may be discussed at the preliminary meeting proposed to be held on

Monday the 18th inst. at 3.30 P.m.

Min 7 x (C.S.)

WQ
16/12/44

S.) Draft placed below + submit at once for [illegible]

/Issued No. 3992-3 Secl 16th Dec 1944 to:
Messrs H.S. Faruqui & Rao & K. Shamsuddin Khan requesting them to attend a meeting on the 18th inst at 3.30 p.m.

Resubmitted as ordered above.

Minister F+C.S.) To 16.12.44

[illegible] proceedings of the above meeting is submitted for consideration.

~~He is the only person~~ The file may be submitted to the Dewan also I were declining. The revised basis of distribution (Sub: 2) be issued afterwards.

Chief Sec) To 29/12/44

The Record Note sums up results tentatively reached in the course of discussion at the meeting held on the 18th. The meeting was mostly

Reimbursement of losses to private filatures on account of the difference in rendita. (Progs of 18th Dec. 1944)

F. 69]

...ntinuation Sheet. File No. Current No. of Page. 35 0

preliminary & explanatory in character.

Min 7 & (5)

WD 20/12/44

Sd/- for perusal. WD 25/12 WD 28/12

Dewan)

WD 28/12/44

WD 31/12/44

TQ 31/1/45

A copy of the proceedings of the meeting held on 20.12.44 in the chambers of the Minister is placed below. The private filature representatives present expressed their views in the matter and were agreeable to the revision proposed in the basis of alteration of ~~rendita~~ as agreed to at the 18th meeting. If This is accepted it would also mean that the filatures would be precluded from making any claims on account of variations in rendita, disbursement of profit etc. If approved a draft ~~agt~~ agt. will be submitted for consideration.

It is for orders if this be treated as Council matter in view of the importance of the question. Please see para 3.

Chief Secy TQ 5/1/45

Reimbursement of losses to private filatures.

ntinuation Sheet. | File No. / Current No. | of | Page. 3505

Draft fin. Instrs. as also letter to filatures Advs.
Fair dft as revised
6/1.

7) Dft epd & dft letter to filat submitted for consideration as per instructions at the meeting in the Minister's chambers yesterday (5-1-45). Reference is invited to para 66 supra.

Chief Secy) 6/1/45

8) Please type fair dfts, as revised.

6/1/45

9) Fair dfts submitted.

Chief Secy) 8/1/45

10) The two drafts are for approval.

Min'r (S & Defence) 9/1/45

11)

Through Fin Secy) 12) 23/1/45

13 It is understood that out of the realisation from the auction after deducting the amount paid to the Charka or filature reeler who brought in the silk and after deducting all

other expenses on account of the scheme, the net surpl was being divided as under:-

1/3 to the rearers
1/3 to the reelers and
1/3 to the Silk Development Fund.

11) The present proposals are to modify the above perc and ~~under~~ to give 40% to the rearers, 35% to the reelers cluding filatures and 25% to the Silk Development Fund. Under ~~formerly~~ the former arrangement the Silk Filatures were getting practical nothing because very little of their silk was being auct it is now proposed to distribute the 35% in the ratio of 21 to 14 between the Filatures and the reelers. The ree get therefore 2/5th of what they were getting before.

15) The credit to the Silk Development Fund is only 25%.

16) Under the proposed revised arrangement therefore the Silk Development Fund gets 8-1/3% less and is the biggest los and to this extent the advantage to the Industry during t post war period gets less as we will have less fund.

17) The rearers get 6% more. I understand from the Silk Controller that the distribution of these funds has not be made since October 1943, and that the funds are now nearly 93 lakhs. So the Silk Development Fund will get roughly about 8 lakhs less. These funds are all in the personal deposit account of the officer in charge of the Silk Filatu Expansion Scheme ~~xxxxxxxxxxxx~~ and are being administere by him.

18) Dhara The point for order are

① The alteration in the percentage

+ ② The date from which this has to be given effect

Mr Anantanarayanan former minister was against the Charege vide para 11.

Dewan Mudaliar

We may talk over the matter 1/2/45
Monday the 12th inst at 3 P.M. in my office 10/2/45

Memorial of Zilahies for a share in the surplus - Revision of the basis of surplus distribution -

Continuation Sheet. File No. Fin Sec 2 St 44 Page. 3535

3) (The matter was talked over yesterday, in the Dewan's Chamber, when the Min F & C S, Chief Secy, Fin Secy, Comptr & the Spl. Officer were present.)

4) I believe it is agreed -

i) that it is desirable to continue the method of surplus distribution;

ii) that the revised basis for surplus distribution is equitable and may be approved;

iii) that the revised basis may be adopted for the distribution of surplus which is awaiting such distribution, as well as in future;

iv) that it is necessary to simplify, considerably the present procedure for distribution and to speed up bonus payments;

v) that, with the above object, it is desirable to make bonus payments (final), on the basis of calculated figures for the previous period.

5) Min F & C S & Dewan — This is Secy.

6) UO 13/2/45

7) 1. I agree. Re (iii) above I believe the Dewan directed that it should first be examined whether we can give retrospective effect to the new arrangement.

8) UO 14.2

9) Please put up Secl cell 16/2/45

37-43-2

WD 0726—GPB—25,000—1-49

Subd 95) The previous papers are put up (cdes 37-43(1-13). as per instructions

Chief Secy 20/12/45

96) The previous collection leading to the G.O. of 16th Sept 43 is placed below for perusal.

97) Neither on grounds of equity nor on the train of previous discussions, would there seem to be anything objectionable, in giving effect to a revised arrangement (of surplus distribution) from 1st June 1944. This is for orders -

98) The Qn (2) are resubd for appl -

Min f & CS
& Dewan
is ft secy

99) I agree UO 21/2/45

21/2/45

99) It was reported the other day that the surpluses from March 1944 are to be distributed. In his note above, the CHief Secretary has proposed that the revised ratio of distribution may be given effect to from the 1st of June 1944 and I understand that the reason for this is that the filatures will be reimbursed their losses from July 1943 to May 1944 separately. (Vide also proposed Draft II). It is also stated in the same letter that the Government of India will be further requested to reimburse the losses up to end of December

December 1944. In these circumstances, I would suggest that the filatures participate only from 1st January 1945 as we will have no case to press the Government of India for reimbursing the filatures losses if we make them share in these surpluses.

9) Regarding the filatures having actually sufferred any losses, there is, ~~however~~, no indication in the file as to the extent of losses, if any, during this period. On the other hand, from the balance sheets of the Companies enclosed, it is seen that the T.Narsipur and Chennapatna Filatures have made profits. The T.Narsip Company has made a profit of Rs.1,70,502/- for the year 1943 and the Channapatna Company Rs.6,31,208-11-3. If the surplus is distributed as now proposed, the administrative Secretariat has no information as to what amounts the filatures will get. On a rough calculation and assuming that the distributable surplus in June will be 70 lakhs, the Companies will get, I think, 21% of about 70 lakhs or about 14.7 lakhs, i.e., these companies may get perhaps twice as much more money out of this surplus as they got as profits out of their business.

10) I wish once again to submit that the percentage given to the Silk Development Fund as now proposed is too small and may be increased.

B 22/2/45

11) The ~~[illegible]~~ revised scale of distribution which has been as proposed after careful

WP 0726—GPB—25,000—15-9-44

Consideration and consultation, may be approved.

(2) MKD 22/2

Devan)

(3) Except for very strong reasons it is undesirable to give retrospective effect to any decision that may be reached in regard to the distribution of the surplus.

(4) The points raised by the Finance Secy are relevant and full information should be procured.

(5) May be brought up at the meeting of the Cabinet tomorrow

(6) MKD 22/2/45

(7)

Serial No.

(10) Dewan's instructions regarding furnishing figures re: dividends declared by the filatures and the amount which the filatures may get if the proposed distribution is adopted:

The dividends declared by the Silk Filatures for the year 1943 are as under:

T.Narsipur Silk Mills .. 12½% free from income-tax(page 7 of the report enclosed)X.

Spun Silk Mills ..10%+2½% bonus free from income-tax (page of the report enclosed)X.

(11) Regarding amounts the Filatures would get, if the revised percentage of distribution is adopted, the administrative Secretariat was unable to furnish me the actual figures when I asked ~~from~~ them informally. From the record note of the decision at the meeting held in the Minister's Chambers on the 20th December 1944, it is stated that "during the last year" (1943 ?), Charkas brought in 3.85 lakhs of pounds of silk to the pool and the filatures supplied 1.17 lakhs of pounds. In the same note, it is stated that when the silk Filature Expansion Scheme comes into full operation, 4 to 4½ lakhs of pounds of silk will be produced with a similar quantity of manufacture in the Charkas. On this basis, the Filatures may get between 7.8 lakhs and 10.1 lakhs in the distribution as now proposed. In my previous note ~~above~~, I worked out 14.7 lakhs according to the information in page 3 of the recorded note referred to above where it is stated as under:

(12) "Distribution to the reelers would be made on the basis of the value of supplies made by the filatures to the Government of India as well as to the pool and supplies made by Charkas to the pool. The price at which the filatures are supplying silk to the Government of India under the contract is about Rs.29/-per lb. as against the controlled price of Rs.19/-per lb. for charka silk. The ratio in which 35% of the surplus set apart for the reelers

reelers would be distributed to the filatures and charkas would thus be roughly 21% to 14% or 3:2. "

the ratio in which 35% of the surplus
apart for the reelers would be distri-
ted to the filatures and the charkas
uld thus be roughly 21% to 14% or 3:2.
this is correct, then the filatures would
about 14.7 lakhs as per my note above assum
the surplus to be distributed after June 44
would be about 70 lakhs.

B

Extract from the Proceedings of the...Sixty..Seventh.....*Meeting of the*

Council of Ministers held at Bangalore on.....23rd..February.....*194* 5.

Subject:--

Modification of the existing method of surplus distributio

OPINION OF THE COUNCIL.

The present basis for the distribution of surplus may be continued, pending fixation of silk prices on an all-India basis, with the modification that the filatures will also share in the one-third surplus distributable to reelers, on the basis of the value of silk delivered. The Filatures will be entitled to share in the surplus as above, from the date they cease to get reimburse for loss on renditta and subject to the condition that the annual dividend distributed by them, is limited in every case to 12½ per cent.

Fifty per cent of the amount of surplus distributed to rearers may be issued in the form of National Savings Certificates where the total amount payable to the individual rearer exceeds Rs. 20/-.

(Sd) N. MADHAVA RAU.

Dewan of Mysore.

" EXTRACT "

Chief Secretary to Government.

Final Note by the Minister for FOOD & CIVIL Supplies.

Subject.—

Modification of the existing method of distrib
of surplus realised from the auction sales o
under the provisions of the Silk Control Ord

(1) With the gracious sanction of His Highness, the surp
realised from the auction sales of silk under the provision
the Silk Control Order is being distributed in equal propor
among the rearers of cocoons, reelers and the Silk Developm
Fund. Under this arrangement, the distribution as regards
is made only in respect of the silk brought into the pool f
auctions and not in respect of the filature silk supplied t
Government of India for war purposes. Representations hav
received on behalf of the filatures that they should also b
a share of the surplus based on the entire quantities of si
supplied by them whether to the Government of India or to t
pool for auctions, as they are making important war supplie
contribute indirectly to the accrual of the surplus, as the
prices that are obtained for charka silk are the result of t
non-availability of filature silk for civilian consumption.

(2) The question was examined again and discussed at the
ing of the Council of Ministers held on 23rd February 1945,
the following opinion was recorded:

(3) "The present basis for the distribution of surplus m
continued, pending fixation of silk prices on an all-India
with the modification that the filatures will also share in
one-third surplus distributable to reelers, on the basis of
of silk delivered. The filatures will be entitled to shar
the surplus as above, from the date they cease to get re-i
for loss of renditta and subject to the condition that the
dividend distributed by them is limited in every case to 1

(4) Fifty per cent of the amount of surplus distributed
rearers may be issued in the form of National Savings Cert
cates, where the total amount payable to the individual re
exceeds Rs.20/-."

117) I solicit the gracious approval of His Highness to the opinion of the Council as recorded above.

Bangalore,
8th March 1945.

MINISTER,
FOOD AND CIVIL SUPPLIES.

Submitted to His Highness

6)

I submit herewith a Final Note by the Minister for Food and Civil Supplies on the subject of modification of the existing method of distribution of surplus realised from the auction sales of silk under the provisions of the Silk Control Order, for the gracious approval of His Highness.

N. Madhava Rau

Bangalore,
10th March 1945.

DEWAN.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Modification of the existing method of distribution of surplus realised from the auction sales of silk under the provisions of the Silk Control Order.

Order.

12/3/'45

General and Revenue
Secretariat.

SUBJECT:—

Modification of the existing method of distribution of surplus realised from the sa tion sales of silk under the provisions of t Silk Control Order.

(*)

14. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Ministers for perusal after the issue of orders.

16. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after, to the Chief Secretary for circulation to the Ministers.

17. In all other cases, the files will first be circulated to the Ministers at Headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to Council of Ministers for perusal of His Highness' orders before/after issue of orders. (*Vide* Rules 14, 16 and 17 of the Subsidiary Rules of the Mysore Government Business Rules.) (*)

Chief Secretary to Government.

Additional
Through the Secretary to Government,
.....Department

Minister for Revenue and Law.

Minister for Public Works and Industries.

Minister for Local Self-Govt. and Public Health.

Minister for Food and Civil Supplies.

WD 01418—GBP—500—29-11-44

Draft S.o. Initiation

(35 30/3. 31/3 124) Submd for approval.

127) Affln ime, copies of this l.o will be sent to the Govt of India, Governors, Chiefs, C in Chief of Supply, Controller & Deputy Controller of Supplies Madras & Bangalore with refce to the discussions at the Feb'45 Conference.

123) Addl Secy) 31.3.45

124) Done 2/4/45

125 Draft & fair put up 5/4 5/4 for perusal.

Secy 5/4.

127) Done. 5/4/45

5/4.

129) Signed 5/4

Issued No. D. 6647-48/Secy 251-43-44
Dated the 5th April 1945 to the
(1) S.o. I.E.S.
(2) Comptr Mno' I.d.

directing that the present basis of distribution of supplies will continue with the modification that the Pilots will also share in the 1/3 Surplus distribution allotted to the basis of value of Silks delivered to the Units.

Modifn of the method of Distribution

Continuation Sheet. File No. Current No. Servi 251-40B-44.

129) Kind attention is invited to para 122.

130) Draft to H. Secy to Govt of India Supply Dept (as instructed by Asst Secy)

(35 6/4. Fair dft please

To 6/4/45

131) Typed draft S.to.

35 6/4.

132) ~~Secy~~ Dft letter to The Dir Genl Supply submd for consideration. This is proposed to be done instead of sending min a copy of which D is for approval. Repce para 122 & marginal orders.

133) Addl Secy) To 6.4.45

134) Dft appd

135 Please return Above papers with Circulated to the Ministers?

6/4/45

136 This will be done after issue.

To 6/4

Issued No. D 6717/Servi 251-43-6 dated 6.4.45 The Dir-Genl of Supply, Directorate Genl of Supply, New Delhi stating that this Govt have issued orders admitting the following factories to a share in the distribution of Supplies on the basis of value of Silk deliveries

No. 6718-20 Dated 6.4.45

1) H.Secy to Govt of India Dir-Genl of Supplies, Delhi Circle - Simla

2) Controller of Supplies, Delhi Circle - Simla

3) Dy Controller of Supplies, Silk Store.

Mode of Distribution of Surplus

Seri 251-43-44 do 3505

Orders are solicited with reference to
paras 136 and 137 supra.

May be sent to C.B. for
circulation of His Highness' orders

C.B.) 6.4.44

No. 6894-6 Dated the 16.4.44

To
1) Rajasabhabhushana D.S.K.R.Srinivasa
2) Rajaseva prasakta N.Rama Rao +
3) V. Sundaramurti — esqrs

enclosing a copy of the G.O. No. D 66
Seri 251-43-4 Dated 5th April 1944
after

Now that the circulation is
complete, this will, if approved, be placed

8/4 for
2/5/44

Seri 251-43-1

76.

DEWAN'S OFFICE
NO. M.2258

To Mr Meuckes. Asst to Law with compliments for consideration
24/5

Dhanasiromani
N. Madhava Rau, Esq., C.I.E.,
Dewan of Mysore, Bangalore.

MEMORIAL OF THE MYSORE SILK FILATURES, Ltd.
T. Narasipur.

May it please you,

OFFICE OF THE MINISTER FOR REVENUE & LAW
24 MAY 1944
7557

We understand that Government have order that in the distribution of the surplus resulting from th sale of controlled silk, the share of the filatures shoul be calculated, not on the total quantity of silk handed in by them at the Government Depots, but only on that portic of it which, not being required by the Government of Ind for war purposes, goes into the pool which is sold by auc As it is almost certain that for some time to come all fi ture silk will be required by the Government of India, th order means that the filatures will get no share of the surplus at all. This is unjust to the filatures, and pl them at such great disadvantage as compared to charkas as stultify the avowed policy of Government that filatures should displace charkas.

Chief Sy. Mr may put up explaining the facts of the case.
24/5

To put the case concretely, all, or practically all, the filature silk will be handed over by our Govemment to the Government of India, at a price which at pres works at a loss, and which even if suitably revised will vide a profit of about 4%. While the filatures get noth more than this for their willing and vital services, the charkas receive far better treatment. Not only does the

Seri
24/5/44
24/5

the formula controlling the price of charka silk provide a more liberal rate of profit, but the charka reeler gets in addition a share of the surplus resulting from the auction sales, which share might amount to as much as R.6/- or R.7/- per lb. And yet, the avowed policy of Government is to encourage filatures and discourage charkas because filatures not only help to win the war, but are necessary for the stability of Mysore Sericulture, while charkas do dis-service both to the war and to the Industry.

This glaring injustice has been due to the control operations not having been viewed as an inter-related and integral whole. It is incorrect to assume that filatures have contributed nothing to bringing the surplus into existence. It is the reservation of the filatures silk for war purposes, and its withdrawal from civilian consumption, that directly enables the rest of the silk to be sold at a high profit. Any view which leaves the filatures out in its consideration of the distribution of profits is illogical and unjust. The control operations have to be taken as a whole, and the surplus has to be distributed in the ratio of the supplies of silk received from the several sources, without seeking to distinguish between individual deliveries, and individual disposals. No such distinction is made in the case of other grades or supplies or suppliers; why discriminate specially against filatures?

The filatures, like the charka reeler, buy cocoons at a controlled price. No distinction is made

made, in regard to eligibility for a share of the pro
between cocoons sold to filatures and cocoons sold to
charkas. Like the charka reeler, the filatures del
their silk at a controlled price to the Government De
There is no justification for discriminating against
In fact, the declared policy of Government is to disc
nate in their favour.

If in spite of this, the view shoul
held that the case of the filatures is essentially dif
ent from that of the charkas--then this difference sho
also entitle the filatures to a different treatment in
gard to the disposal of a part at least of their produ
such a treatment as would not leave them in a worse po
tion than the charkas. They may be permitted to reta
all their non-parachute quality silk, with full freedo
of disposal in the open market. If such exemption fro
control is considered inexpedient this silk may be sold
in auction in Government Depots and the entire proceeds
handed over to the filatures concerned.

The present distribution is harsh an
unjust to filatures and in effect penalises them for th
service they are rendering, while at their expense an u
earned and undeserved bonus is given to charka reelers.

It is earnestly prayed that the deci
may be reconsidered, and justice done.

T Rama Rao

Bangalore (Camp),
23rd May 1944.

Chairman & Industrial adviser,
The Mysore Silk Filatures Ltd.

The Mysore Silk Filatures, Limited 7596.

T. NARASIPUR

RAJASEVAPRASAKTA
N. RAMA RAO, B.A., B.L.
CHAIRMAN

Ref. No. B/C-5/44.

176/1, Subbaramachetty
Basavangudi, Bangalore,
23rd May 1944.

1200 365

Sir - V.Vedavyasacharya, Esq., B.A.,
Chief Secretary to Government of Mysore,
BANGALORE.

23/5/44

OFFICE
No. 7566.

Sir,

I have the honour to enclose herewith copy of a Memorial submitted by me, on behalf of the Mysore Silk Filatures, Ltd., to the Dewan of Mysore praying for a re-consideration of the decision of Government denying to filatures, their due share of the surplus resulting from the sale of controlled silk at Government Depots.

I need not say that the matter is of great importance to us; and I would be grateful if you move Government for speedy and favourable orders on our petition for re-consideration.

I have the honour to be,
Sir,
Your most obedient servant,

N Rama Rao

Chairman & Industrial adviser,
The Mysore Silk Filatures Ltd.

Sir Ismail.

23/5/44

Please

25/5/44

Pradhanasiromani
N.Madhava Rau, Esq., C.I.E.,
Dewan of Mysore, Bangalore.

MEMORIAL OF THE MYSORE SILK FILATURES, Ltd.
T.Narasipur.

May it please you,

We understand that Government have ordered that in the distribution of the surplus resulting from the sale of controlled silk, the share of the filatures should be calculated not on the total quantity of silk handed in by them at the Government Depots, but only on that portion of it which, not being required by the Government of India for war purposes, goes into the pool which is sold by auction. As it is almost certain that for some time to come all filature silk will be required by the Government of India, the order means that the filatures will get no share of the surplus at all. This is unjust to the filatures, and places them at such great disadvantage as compared to charkas as to stultify the avowed policy of Government that filatures should displace charkas.

To put the case concretely all, or practically all, the filature silk will be handed over by our Government to the Government of India, at a price which at present works at a loss, and which even if suitably revised will provide a profit of about 4%. While the filatures get nothing more than this for their willing and vital services, the charkas receive far better treatment. Not only does the

the formula controlling the price of charka silk provid a more liberal rate of profit, but the charka reeler ge in addition a share of the surplus resulting from t he auction sales, which share might amount to as much as ₹.6/= or ₹.7/= per lb. And yet, the avowed policy of Government is to encourage filatures and discourage cha because filatures not only help to win the war, but are necessary for the stability of Mysore Sericulture, while charkas do dis-service both to the war and to the Indus

This glaring injustice has been due t the control operations not having been viewed as an int related and integral whole. It is incorrect to assume that filatures have contributed nothing to bringing the surplus into existence. It is the reservation of the filatures silk for war purposes, and its withdrawal fro civilian consumption, that directly enables the rest of the silk to be sold at a high profit. Any view which leaves the filatures out in its consideration of the di tribution of profits is illogical and unjust. The control operations have to be taken as a whole, and the sur plus has to be distributed in the ratio of the supplies of silk received from the several sources, without seek ing to distinguish between individual deliveries, and individual disposals. No such distinction is made in the case of other grades or supplies or suppliers; why discriminate specially against filatures?

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The present distribution is harsh a
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service they are rendering, while at their expense an
earned and undeserved bonus is given to charka reelers

It is earnestly prayed that the dec
may be reconsidered, and justice done.

M Ramma Ra

Chairman & Industrial adviser,
The Mysore Silk Filatures Ltd.

D 881 | apr Seri 251-43-2 3.8.44.

Dear Sir,

I am desired to state that ~~the Director of Industries and Commerce~~ as per orders contained in his D.O. letter cited has called for certain particulars with regard to the quantities of filature silk purchased by the Supply Dept and the filature & charaka silk sold by the Public auction etc. in connection with the memorial of the filatures for a share in the surplus amount realised from the auction sales. The matter was discussed to-day with Mr. T.K. Krishnamurthi, Deputy Silk Controller and the particulars required have been intimated to him. I am to request you kindly to furnish the same immediately.

Yours sincerely

D

To H.S. Govinda Rao Esq B.A (Hons)
Mysore S.O. I S.F.S. Scheme

Ser 257-43-4

DEPARTMENT OF SERICULTURE

Silk & Cocoon Controller.

Office of the Cocoon and Silk Controller in Mysore, 162, Vanivilas Road, Basvangudi, Bangalore, dated 17th Aug. 1944.

No. GL. 4614 (44-5) Encl. one.

/204

Dear Mr. Vedavyasacharya,

Referring to your letter No.D.881 dated 3/8/'44, regarding the particulars of Filature silk purchased by the Supply Department, etc., I enclose herein a statement showing the particulars required for favour of reference.

Yours sincerely,

V. Vedavyasacharya, Esq., B.A.,
Chief Secretary to Government of Mysore,
BANGALORE.

BNR.(2) 17/8.

STATEMENT SHOWING THE QUANTITIES OF FILATURE SILK PURCHASED BY THE SUPPLY DEPARTMENT and the Filature AND CHARKA Silk SOLD IN PUBLIC AUCTIONS FROM 15-10-1943 TO THE END OF JUNE 1944, AS REQUIRED BY GOVERNMENT.

	(1) Mysore Spun Silk Mills Ltd. CHANNAPATNA.	(2) Vellum Parachute Silk Co., Ltd., Goribidanur	(3) Mysore Silk Filatures Ltd.,	(4) Govt. Filature Kankanhalli
1. QUANTITY of Filature silk manufactured by each company from 1-7-43 to 30-6-44	17,695 Lbs.	7,7[illegible] 0	56,257	2,180 0
2. Out of the quantity manufactured how much was supplied to Govt. of India according to Cos' weights. (a) Thro' Silk Testing Scn. (b) direct to companies	13,604 3 (2) "	5,7[illegible] 1¼ (3)	28,386-0 24,718-0	1,092 0 (supply from periods prior to 1st July 1943).
3. Out of the quantity supplied to Govt. of India, how much was accepted according to the weight of the Testing House and rejected. Accepted	13,580 11 (2) "	5,720 4¼ (3)	28,334-14 (4)	1,092 0
Rejected	- - (2) " (Difference is due to driage)	27 6¼ (3) (Rejected during April and sold during July '44)	50 ½ (4) (Rejected during June '44 received in depot during during July and sold during July and August 1944)	- -

Quantity of charka silk received from reeling establishments under Mysore Silk Control Order '43 from 15-10-1943 to 30-6-1944. Lbs. 2,25,372 0

Filature silk (standard and sub standard) auctioned Lbs.27½ were auctioned during July 1944, the price realised being Rs.72/- per lb.

Quantity of silk auctioned (charka) Lbs. 2,10,031 0

Quantity actually distributed to weavers and large establishment

e of reserved silk	Rs.80,43,007/-	
unt paid to the reelers towards cost of silk	Rs.37,34,240/-	
oss surplus (subject to audit)	Rs.43,08,767/-	
penditure out of surplus		
n Silk Control Scheme from 15-10-1943 to 30-6-1944	41,357 ~~Rs.80,51,357~~/-	out of which Rs.2,002/- has been adjusted out of the gross surplus for the period of 1st distribution and Rs.15,426/14 will be adjusted for the period of 2nd distribution (Dec.1943 to end of Feb. 1944)
Bonus paid to the reelers and rearers out of surplus amount	1st distribution Rs. 4,09,325/-	being surplus to 18th Nov.1943.(Rs.2,04,662/- among reelers and Rs.2,04,662/- among rearers) for the period from 1-10-1943 to ~~18-11-43~~ 15-11-43 in the case of rearers and 15/10/43 to 18/11/43 in the case of reelers)
amount credited to the Sericultural Development Fund	Rs. 2,04,662/-	relating to surplus to end of November 1943. Reply has been received from the Comptroller today that it may be credited to "Vocal & other funds-14 Mis. funds K. Silk Industry fund" head.
amount yet remaining undistributed i) towards the Sericultural Development fund	Rs.4,98,500 (est.)	the 2nd distribution for which the accounts are ready.
ii) towards the payment of surplus amount and due to rearers and reelers	Rs.9,97,045/-	g the amount of surplus for 2nd distribution cover- the period from 16/11/43 to 15th Feb '44 in of rearers and from 19/11/43 to 29th Feb '44 in case of reelers. The accounts of the remaining iods have been collected.
ntrolled price of different ades of (1)Filature silk (2) Other silk (charka)	The price paid varies from month t month depending upon the controlled price of cocoons A copy of the said price is encl d for kind perusal.	

LIST OF PRICES FOR DIFFERENT QUALITIES OF SILK (PRICE PER LB.) DURING THE FOLLOWING MONTHS OF THE YEARS 1943-44.

Grade	October Rs. As. Ps.	November Rs. As. Ps.	December Rs. As. Ps.	January Rs. As. Ps.	February Rs. As. Ps.	March Rs. As. Ps.	April Rs. As. Ps.	May Rs. As. Ps.	Remarks
) Filature	24 8 6	24 8 6	24 13 0	25 1 6	25 6 0	25 [illegible] 6	26 3 6	26 8 0	
) AAA						21 [illegible] 6	22 3 3	22 7 6	
) AA		19 1 9	19 5 [illegible]	19 10 0	20 6 0	20 [illegible] 3	21 2 6	21 6 6	
) A		17 10 9	17 14 6	18 2 3	18 14 0	19 [illegible] 9	19 9 3	19 3 0	
) B		16 11 6	16 15 0	17 2 6	17 14 0	18 [illegible] 6	18 8 6	18 12 0	
) C		15 12 3	15 15 6	16 2 9	16 14 0	17 [illegible] 3	17 7 9	17 11 0	
) CC		13 13 9	14 0 6	14 3 3	14 14 0	15 [illegible] 9	15 6 3	15 9 0	
) Inferior		10 10 0	10 12 0	10 14 0	11 8 0	11 10 0	11 14 0	12 0 0	
) Douppion		9 6 0	9 8 0	9 10 0	10 4 0	10 6 0	10 10 [illegible]0	10 12 0	

T.G.Shma by
SILK CONTROLLER IN MYSORE.
BANGALORE.

LIST OF PRICES FOR DIFFERENT QUALITIES OF SILK (PRICE PER LB.) DURING THE FOLLOWING MONTHS OF THE YEARS 1943-44.

Grade	October Rs. As. Ps.	November Rs. As. Ps.	December Rs. As. Ps.	January Rs. As. Ps.	February Rs. As. Ps.	March Rs. As. Ps.	April Rs. As. Ps.	May Rs. As. Ps.	Remarks
a) Filature	24 8 6	24 8 6	24 13 0	25 1 6	25 6 0	25 10 6	26 3 6	26 8 0	
b) AAA						21 10 6	22 3 3	22 7 6	
c) AA		19 1 9	19 5 9	19 10 0	20 6 0	20 10 3	21 2 6	21 6 6	
d) A		17 10 9	17 14 6	18 2 3	18 14 0	19 1 9	19 9 3	19 3 0	
e) B		16 11 6	16 15 0	17 2 6	17 14 0	18 1 6	18 8 6	18 12 0	
f) C		15 12 3	15 15 6	16 2 9	16 14 0	17 1 3	17 7 9	17 11 0	
g) CC		13 13 9	14 0 6	14 3 3	14 14 0	15 0 9	15 6 3	15 9 0	
h) Inferior		10 10 0	10 12 0	10 14 0	11 8 0	11 10 0	11 14 0	12 0 0	
i) Douppion		9 6 0	9 8 0	9 10 0	10 4 0	10 6 0	10 10 00	10 12 0	

SILK CONTROLLER IN MYSORE,
BANGALORE.

Copy of D.O. letter No. SY/TX-62 (171), from the Directorate General of Supply, (Textiles Directorate), New Delhi, to the Chief Secretary to Government.

Sub: Re-imbursement of losses to Private filatures on account of the difference between the assumed (Market) renditta and actual renditta.

Please refer to your D.O. letter No. D-2990 (1) dated 6-11-44.

2. It is stated in paragraph 2 of your letter that on behalf of the Govt. of India, I accepted "the principle that the Filatures participating in the Expansion Scheme should not be put to loss on the supply of reeled silk to that Govt. and informed the Filature interests at the ~~xxx~~ ~~xxx~~ meeting held on the 17th October, that they would be paid the actual loss they had incurred from the 1st July 1943 on account of the difference between the renditta actually obtained by them and the renditta at which cocoons were purchased by them." I ~~xxxx~~ invite your attention in this connection to the following portion of the Record Note of discussion held on 17-10-1944 at Bangalore (copy already forwarded to - Mysore Govt.):-

"" Mr. Targett pointed out that there had been three price revision since the conclusion of the original contract. He assured the Filature however, that it was not the intention of the Govt. of India that they should work at a loss and that the Govt of India were prepared to give the question of renditta a realistic consideration. They were not, however, prepared to admit their liability for any overpayment made to the reelers on account of wrong assessments of renditta made at the controlled markets."

3. You have stated in paragraph 3 of your letter that the control measures including the organisation of cocoon markets were adopted under the advice of experts and in close consultations with the Govts of India and of Madras. I should like to mention here that although the Govt. of India requested the Mysore Govt. and the Madras Govt. to introduce such measures as would control prices of cocoons in South India, (please refer to my D.O. dated 4-11-43 to Anantaraman), the necessary details in connection with the working of these measures, and consequently of the cocoon market arrangements were left entirely to them and they were responsible for devising means so that the Filatures could obtain cocoon of correct renditta at controlled prices.

4. It has also been mentioned by you that the Govt. of India should make up the loss on renditta in the same manner as they have made up the losses on account of increased manufacturing charges. To my mind there is no analogy between these two different items of losses. The manufacturing charges have been increased by us from Rs. 3/- to Rs. 6/- per lb. because of increase in labour charges, transport, War Risk Insurance, Dearness Allowance, and increase in Cost of Living Index (food, fuel, lighting, clothing etc).

On the other hand, losses incurred by Filatures on account of renditta actually obtained by them and renditta at which cocoons were purchased by them, are chiefly dueto the unscientific methods adopted by Mysore in the gradation of cocoons. This fact was stressed by us during the May 1944 Conference and the last discussions at Bangalore and we also stressed that such Renditta Losses should be made good to Filatures by Mysore Govt. A reference to your D.O. letter No. D.668 (3) Seri-96-43 dated 25/7/44 to MacFarquhar would show that in the meeting held on 10-5-44 at Bangalore Anantaraman himself admitted, by implication, that the loss on account of the variation in the estimated renditta at the markets and the actual renditta attained in reeling was due partly, if not entirely, to the unscientific methods of fixing ~~xxx~~ renditta in Mysore Cocoon Markets. In the ~~xxxxx~~ informal meeting which Chanda and I had last month at Bangalore with Srinivasan and with the Dewan (on which I have further dwelt in the two next paragraphs)

it was pointed out by us that incorrect assessment of renditta, faulty marketting conditions, methods, and organisation, contributed not only to losses to Filature owners but also to a feeling of insecurity among them and that it was imperative that these defects should be removed once. The Dewan assured us that Mysore Govt. had already initiated steps for a correct fixation of renditta, thereby insulating Filatures against future losses.

5. I now come to your remarks "It is not considered correct to make payments by debit to the Sericultural Development Fund which are quite extraneous to the purpose of the Fund, which is meant to be used for the post-war stabilisation of the silk industry in the State and for giving such assistance, subsidies etc., as may then be called for, at the sole discretion of the Mysore Government." This subject was discussed in the informal meeting mentioned above. The Dewan stated that Mysore Govt. were opposed to any encroachment on the reserve which they have built up for rehabilitation of the Industry. Chanda and I explained that assistance to the Filatures when it was most needed would in fact do more for the post war future of the Industry than freezing the reserve for post war use. We also suggested that the following steps were necessary for the implementation of the avowed policy of the Mysore Govt. to establish the Mysore Silk Industry on a satisfactory footing.:-

(a) Fixation of charka silk price at a lower price than filature silk

(b) Immediate reduction of 50% of licenses issued for charka silk reeling so as to reduce consumption of cocoons by charka reelers by the same percentage.

(c) A revision of the allocation of profits.

The cocoon rearers in Mysore were being already overpaid in the incorrect fixation of renditta and the grant of an unconditional bonus to the cocoon rearers was in our opinion neither necessary nor justifiable. It would be logical to give a bonus for the production of improved strains of cocoons and for bringing under cultivation new acreage for mulberry. The payment of a bonus to charka reelers defeats the accepted policy of the Government and encourages the expansion of the charka reeling at the expense of the filatures and should be abandoned. We were glad to understand that our suggestions were appreciated and that Mysore Govt. were prepared to reorient their policy accordingly, but gradually.

6. After considerable discussions in the Informal Meeting a compromise was reached whereby we offered, without prejudice to our contention that the losses sustained during the period July 1943 to May 1944 by the Filatures in Mysore should be made good by Mysore Government, to make an ex-gratia payment covering half of such losses in so far as such losses pertain to the actual quantity of silk supplied by the Filatures to the Supply Department excluding trainee's silk. Mysore Government were to provide for the other half and were of course fully to reimburse Filatures if further losses were incurred on account of variation in the estimated renditta and the actual renditta. I am glad to note that you have confirmed this compromise arrangement.

7. We were given to understand that the total amount of the claims in question was in the neighbourhood of rupees 3 lakhs, so that the liability of the Government of India was expected to be of the order of rupees 1.5 lakhs. If you will please forward to us details of exact claims submitted to you by the Private Filatures I shall arrange to have those details examined.

u have mentioned in the letter under review that Mysore Govt. are willing "to pay this moiety (half of the previous losses) by appropriate deductions from future payments to charka reelers or to Filatures." I am not clear what is meant by deductions from future payments to Filatures and should be glad if you will please elucidate. As we pointed out to the Dewan in the Informal meeting, the payment of a bonus to charka reelers defeats the accepted policy of the Govt. and encourages the expansion of the charka reeling at the expense of the Filatures and should be abandoned. We have therefore no objection if, - as a matter of fact we would prefer that, - Mysore Govt's moiety should come out of bonus intended for charka reelers.

9. In confirming Mysore Govt's agreement to pay the moiety in question you have stipulated that other Govts. similarly placed are to make similar contributions, in respect of Renditta Loss. In regard to this stipulation I have to mention that the Bengal and the Madras Govts. have not so far made any claims in this respect.

10. I xx should like to add here that, arising out of our - examination of your stipulation, I am taking necessary action on my side to get the Tenkanhali Govt. Silk Filatures accounts examined with a view to assess losses, if any, on account of variation in estimated renditta and actual renditta obtained in reeling. Should such examination reveal any Renditta losses we shall expect the Mysore Govt. to reimburse the Govt. of India 50% of such losses.

bm

for Chief Secretary to Govt.

Confidential

Immediate

Secy. 44-44-15

along with Finance Asst. (in the letter to SO under)

3992

Dear Sir,

I am directed to request you to make it convenient to attend a preliminary meeting to be held in the Chambers of The Minister of T.P.C.S., ~~Public affairs~~ at 3.30 P.M. on Monday, The 18th inst. to discussing The following ~~questions~~ subjects:

(1) The desirability of altering the ~~pres~~ Surplus distribution scheme

(2) Controlling the prices of Silk fabrics.

Yours truly

P. G. Rao
Chairman

16 [illegible]

[illegible]
evelopment xxxx

D 3992-3 Secret

16th December 1944.

CONFIDENTIAL AND IMMEDIATE

Dear Sir,

I am desired to request you to make it convenient to attend a preliminary meeting to be held in the Chambers of the Minister for Foc and Civil Supplies, at 3-30 p.m. on Monday, the 18th instant, for discussing the following subjects:-

1) The desirability of altering the surplus distribution scheme;

2) Controlling the prices of silk fabrics.

Yours sincerely,

S. Govindarao, Esq. B.A. (along with your Asst)
S. Ramaswamy Iyer, Esq B.A.

Record note of decisions reached at the meeting held in the Chambers of the Minister for Food & Civil Suppli on Monday, the 18th December 1944 at 3-30 p.m.

Present:-

Minister for Food and Civil Supplies (Chairman)

The Chief Secy. to Govt.

The S.O. S.F.E. Scheme

The Manager, M.S.S.M. Ltd.,

The Assistant Secy to Govt (I & C)

The Financial Assistant to the S.O.

Agenda.

1. Fixing controlled prices for silk.
2. Revision of the system of distribution of surplus
3. Scheme for the procurement of cocoons.

1. Fixing Controlled prices for silk : - It was stated that th controlled price of charka silk at which it is being taken o by the Silk Controller ranges between Rs. 15/ and Rs. 19/- per lb. The formula adopted for fixing the price is;

14 renditta x controlled price of cocoons
plus Rs. 2/4/- manufacturing charges plu
1/10/- profit.

Calculated on the basis of cocoons yielding an average renditta of 18:1, the price for which is fixed at Rs. 1-1-3 per lb at present, the price of a lb of basic quality charka silk works out to Rs. 18-15-6 or Rs. 19/- in round figures.

Lists of prices at which the charka silk was sold in the auctions held under the Silk Control Order were studied. It was seen that the prices of basic quality charka silk were more or le steady, round about Rs. 38/- per lb, spread over nearly a period of one year, whereas the prices of other qualities of silk fluctuated violently. It was considered reasonable

tthat the ~~existing~~ controlled price of charka silk of basis quality should be fixed at about Rs. 35/- or Rs. 40/- per lb.

The suggestion made by the Dir ~~of~~ Gen. of Supply in his letter No. SY/TX-62 (171) dated the 4th Dec. 44, that the prices of charka silk should be fixed at a lower price than the filature silk was considered in this connection as also the fact that the Kashmir Govt were charging for the filature silk released by them for civilian use at Rs. 50/- per lb to manufacturers in the State and Rs. 100/- per lb to manufacturers outside the state. (Vide Record Note of the Delhi meeting held on 17-11-1944) When the control of prices was contemplated on an All-India basis, it was felt that ~~the~~ largely varying prices cannot be fixed for the same quality of silk for different areas. It was agreed that the controlled ~~existing~~ prices for substandard filature silk not taken over by the Govt of India should be fixed at about Rs. 65/- per lb.

Decision : The controlled ~~existing~~ prices to be about 35/- minimum Rs. 40/- per lb of basic quality charka silk and Rs. 60 or 65/- per lb for basic quality ~~for~~ filature silk released for civilian consumption.

11. Revision of the system of distribution of surplus :

The representation made by the filatures for a share in the surplus and that made on behalf of the cocoon rearers for an increase in their share were taken into consideration. A scheme for the procurement of cocoons on the lines of the scheme for the procurement of food grains in the State is also under the contemplation of Govt. It was felt desirable that the rearers should be given every possible encouragement and that they should be shown special consideration in order to provide them with an incentive to produce better quality cocoons as also to eliminate the possibility of their resorting to black-market. The existing system also tended in the present circumstances, to give encouragement to charka reelers by giving them a bonus which benefit was not given to the filatures.

n view of the avowed policy of the Govt. being to
ncourage the filature industry and to gradually
.iminate charkas and also in view of the fact that
the filatures are making substantial contribution to wa
effort with a little margin of profit, it was considered
fair that the filatures should be given preferential
treatment over the charkas and that they should be
be admitted to a share of the surplus.

Taking the controlled selling price of Rs.40/- per lb. fixed f
for basic quality charka silk into account, the surplus
was estimated at Rs.20/- per lb. after deducting the
controlled price of charka silk at Rs.19/- per lb. plus
Re.1/- per lb. (approximately) towards the cost of
the control scheme. In view of the considerations
mentioned above it was held that the basis of distribu-
tion should be revised as follows:-

40% to the cocoon rearers;
35% to the reelers (filatures and charkas both);
and
25% to Silk Development Fund.

Distribution to the reelers would be made on
the basis of the value of supplies made by the filatures
to the Govt. of India as well as to the pool and
supplies made by charkas to the pool. The price
at which the filatures are supplying silk to the Govt.
of India under the contract is about Rs.29/- per lb. as
against the controlled price of Rs 19/- per lb
for charka silk. The ratio in which 35% of the surplu
set apart for the reelers would be distributed to
the filatures and charkas would thus be roughly
21% to 14% or 3 : 2.

During the last year the charkas brought in
3.85 lakhs of pounds of silk to the pool and the
filatures supplied 1.17 lakhs pounds of silk to
the Govt. of India and to the pool, involving the
utilisation of 77 lakhs pounds of cocoons. If this

is taken as the basis and distribution is made as per the revised proportions mentioned above the cocoon rearer would get about 6½ annas per lb of cocoons in addition to the price of cocoons which is itself linked to the cost of living index and stands at present at Rs.1-1-3 for the standard quality yielding a renditta of 18:1. So long as the production of charkas remains greater than that of the filatures, the quantity of silk brought into the pool would be large and the amount available for distribution would also be large, giving a handsome bonus to the rearers as well as reelers and this would gradually go on diminishing as the production of the filatures increases bringing down the production of the charkas.

When the Silk Filature Expansion Scheme is fully worked out there would be 1800 basins, including the old ones, in operation. An area of 70,000 acres is under mulberry and the yield being calculated at an average of 250 lbs. of cocoons per acre, there would be a production of 175 lakhs pounds of cocoons. Taking an allowance for bad crops, leakages etc. of about 25 lakhs pounds, 150 lakhs pounds of cocoons would be available under the procurement scheme. Taking the above two factors into consideration, 4 to 4½ lakhs pounds of silk would be produced in the filatures at the time when they reach maximum production, and a similar quantity in the charkas. Taking these figures into calculation and applying the revised proportions mentioned above, the result of distribution would be roughly as follows:-

3as 9 ps. per lb of cocoons to rearers;

Rs.5/- per lb of silk to the Silk Dev. Fund.

Rs.4/- per lb. of silk to filatures and

Rs.2/12/- per lb. of silk to charkas reelers.

The filatures have now made a representation that the existing rates of their profit of Rs.1/6/- may be enhanced to a maximum of Rs.3/- per lb. of silk. According to the revised allocation of surplus they would be getting something more.

It was considered reasonable to give the filatures a bonus not exceeding Rs.1/10/- per lb so long as they were paid the actual cost of cocoons as per factory renditta and manufacturing charges and that they should be given to understand that from the date of distribution of surplus in the revised manner which entitles them to a share of the surplus, considerably more than their present rate of profit, they should not put forth any claims on account of losses due to higher renditta, or inadequate margin of profit.

Decision.- The filatures should also be admitted to a share of the surplus and the basis of distribution should be revised as follows:-

40% to the rearers;
35% to the reelers including filatures and charkas: Distribution to be made on the basis of the value of supplies made by them.

25% to the Silk Dev. Fund.

3) Scheme for procurement of cocoons.

The S.O.Silk Filature Expn. Scheme was requested to submit a scheme on the lines suggested with a draft order for the consideration of Govt.

Record note of decisions reached at the meeting held Chambers of the Minister for Food and Civil Supplies on Mo 18th December 1944 at 3-30 p.m.

P r e s e n t :

Minister for Food and Civil Supplies (Chairman)
The Chief Secretary to Government
The Special Officer, Silk Filature Expansion Schem
The Manager, The Mysore Spun Silk Mills Ltd.,
The Assistant Secretary to Government (Industries & Comm
The Financial Assistant to the Special Officer.

A G E N D A.

1. Fixing controlled prices for silk
2. Revision of the system of distribution of surplus.
3. Scheme for the procurement of cocoons.

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1. Fixing controlled prices for silk : It was stated that th controlled price of charka silk at which it is being taken over by Silk Controller ranges between Rs. 15/- and Rs. 19/- per lb. The formula adopted for fixing the price is;

14 renditta x controlled price of cocoons plus Rs. 2, manufacturing charges plus 1/10/- profit.

Calculated on the basis of cocoons yielding an average renditta of 18:1, the price for which is fixed at Rs. 1-1-3 per lb at pre sent, the price of a lb of basic quality charka silk works out to Rs. 18-15-6 or Rs. 19/- in round figures.

Lists of prices at which the charka silk was sold in the aucti held under the Silk Control Order were studied. It was seen that prices of basic quality charka silk were more or less steady, round about Rs. 38/- per lb, spread over nearly a period of one year, whe as the prices of other qualities of silk fluctuated violently. It was considered reasonable that the controlled price of charka silk of basic quality should be fixed at about Rs. 36/- or Rs. 40/- per

The suggestion made by the Director General of Supply in his letter No. SY/TX-62 (171) dated the 4th Dec. 1944, that the prices charka silk should be fixed at a lower price than the filature silk considered in this connection as also the fact that the Kashmir Gov were charging for the filature silk released by them for civilian u at Rs. 50/- per lb to manufacturers in the State and Rs. 100/- per to manufacturers outside the State. (Vide Record Note of the Delhi ing held on 17-11-1944). When the control of prices was contem plated on an All-India basis, it was felt that largely varying pric cannot be fixed for the same quality of silk for different areas. It was agreed that the controlled price for substandard filature silk not taken over by the Government of India should be fixed at about Rs. 65/- per lb.

Decision : The controlled prices to be about Rs. 35/- minimum or Rs. 40/- per lb of basic quality charka silk and Rs. 60/- or Rs. 65/- per lb for basic quality filature silk released for civilian consumption.

11. Revision of the system of distribution of surplus :

The representation made by the filatures for a share in the surplus and that made on behalf of the cocoon rearers for an increase in their share were taken into consideration. A scheme for the procurement of cocoons on the lines of the scheme for the procurement of food grains in the State is also under the contemplation of Government. It was felt desirable thst the rearers should be given every possible encouragement and that they should be shown special consideration in order to provide them with an incentive to produce better quality cocoons as also to eliminate the possibility of their resorting to the black-market. The existing system also tended in the present circumstances, to give encouragement to charka reelers by giving them a bonus which benefit was not given to the filatures.

In view of the avowed policy of the Government to encourage the f industry and to gradually eliminate charkas and also in view of t that the filatures are making substantial contribution to war eff with a little margin of profit, it was considered fair that the f tures should be given preferential treatment over the charkas and they should be admitted to a share of the surplus.

Taking the controlled price of Rs. 40/- per lb fixed for bas quality charka silk into account, the surplus was estimated at Rs per lb. after deducting the controlled price of charka silk at Rs per lb plus Re 1/- per lb (approximately) towards the cost of the scheme. In view of the considerations mentioned above it was he the basis of distribution should be revised as follows:-

40% to the cocoon rearers;
35% to the reelers (filatures and charkas both); and
25% to Silk Development Fund.

Distribution to the reelers would be made on the ~~mix~~ basis of the value of supplies made by the filatures to the Govt of India as well as to the pool and supplies made by charkas to the pool. The price at which the filatures are supplying silk to the Govt. of India under the contract is about Rs. 29/- per lb as against the controlled price of Rs. 19/- per lb for charka silk. The ratio in which 35% of the surplus set apart for the reelers would be distributed to the filatures and charkas would thus be roughly 21% to 14% or 3: 2.

During the last year the charkas brought in 3.85 lakhs of pounds of silk to the pool and the filatures supplied 1.17 lakhs pounds of silk to the Govt. of India and to the pool, involving the utilisation of 77 lakhs pounds of cocoons. If this is taken as the basis and distribution is made as per the revised proportions mentioned above the cocoon rearer would get about 6¼ annas per lb of cocoons in addition to the price of cocoons which is itself linked to the cost of living index and stands at present at Rs. 1-1-3 for the standard quality yielding a renditta of 18:1. So long as the production of charkas remains greater than that of the filatures, the quantity of silk brought into

into the pool would be large and the amount available for distributio would also be large, giving a handsome bonus to the rearers as well as reelers and this would gradually go on diminishing as the production o the filatures increases bringing down the production of the charkas.

When the Silk Filature Expansion Scheme is fully worked out there would be 1800 basins, including the old ones, in operation. An area o 70,000 acres is under mulberry and the yield being calculated at an av rage of 250 lbs of cocoons per acre, there would be a production of 17 lakhs pounds of cocoons. Making an allowance for bad crops, leakages of about 25 lakhs pounds, 150 lakhs pounds of cocoons would be availabl under the procurement scheme. Taking the above two factors into consi leration, 4 to 4½ lakhs pounds of silk would be produced in the filatur it the time when they reach maximum production, and a similar quanity .n the charkas. Taking these figures into calculation and applying th evised proportions mentioned, above, the result of distribution would e roughly as follows:-

3 as 9 ps. per lb of cocoons to rearers;
Rs. 5/- per lb of silk to the Silk Development Fund
Rs. 4/- per lb of silk to filatures and
Rs. 2/12/- per lb of silk to charkas reelers.

The filatures have now made a representation that the existing rat f their profit of Rs. 1/6/- may be enhanced to a maximum of Rs. 3/- per b of silk. According to the revised allocation of surplus they would e getting something more.

It was considered reasonable to give the filatures a bonus not ex- eeding Rs. 1/10/- per lb so long as they were paid the actual cost of ocoons as per factory renditta and manufacturing charges and that they ould be given to understand that from the date of distribution of - rplus in the revised manner which entitles them to a share of the - rplus, considerably more than their present rate of profit, they should t put forth any claims on account of losses due to higher renditta, adequate margin of profit etc.

Decision : The filatures should also be admitted to a of the surplus and the basis of distribution should be revise follows:-

40% to the rearers;
35% to the reelers including filatures and charkas Distribution to be made on the basis of the val of supplies made by them.
25% to the Silk Development Fund.

3) Scheme for procurement of cocoons :

The Special Officer, Silk Filature Expansion scheme was requested to submit a scheme on the lines suggested with a draft order for the consideration of Government very early.

Record Notes of discussions held at 3 p.m. on 20th December 1944 in the Chambers of the Minister for Food and Civil Supplies.

PRESENT

Mr. M.A. Sreenivasan, B.A.,
Minister for Food and Civil Supplies (Chairman)
The Chief Secretary to Government
The Special Officer, Silk Filature Expansion Scheme
The Director of Textiles
Rajasabhabhushana Dewan Bahadur K.R. Srinivasa Iyengar,
Chairman, The Mysore Spun Silk Mills Ltd.,
Rajasevaprasakta N. Rama Rao, Esq.,
Chairman, The Mysore Silk Filatures, Ltd.,
Rajasevasakta P. Subbarama Setty, Esq.,
Mr. K. Shamsuddin Khan, Manager, The Mysore Spun Silk Mills Ltd.,
The Assistant Secretary, Development Department.

ABSENT

The Controller of Civil Supplies in Mysore
Mr. V. Sundara Murthy, President, Vellum Parachute Silk Co., Ltd.,

---

At the commencement, the Minister informed the representatives of the filatures that the Government of India had agreed to make an ex-gratia payment of 50 per cent of the losses incurred by the Filatures during the period from July 1943 to May 1944 on account of loss in renditta except trainees' silk and that the Mysore Government had been asked to provide the other half. The Government of India were on principle not agreeable to bear any portion of the losses on this account mainly on the ground that they could not be made liable for what was really an over-payment to the cocoon rearers. Replying to an observation made by Mr. Rama Rao that the loss was incidental to the running of the industry, the Chairman observed that the Government of India had as a rule not agreed in contract for war supplies, to compensate for losses incurred by an industry in the purchase of faulty raw material or overpayments in the purchase of raw material. The filatures would be expected to bear the losses on account of variations in renditta. Steps should be taken to improve the arrangements made for fixing the renditta in the markets. The filatures represented that whatever might be the arrangements for the future, the losses so far incurred should be paid to them and the matter re-examined further

'or the sympathetic consideration of the Government of India.

The Filatures represented in this connection that large sums of money were due them on account of these losses and that as they were badly in ne of finance, arrangements may be made to pay these amounts immediately. Th Minister passed orders that the Special Officer may make payments, immedia ely, at Rs. 2/8/- per pound on this account, provisionally, as an advance to be finally adjusted after scrutiny of accounts.

The Minister then reverted to the agenda of the day's meeting, namely control of the prices of silk yarn and fabrics. Extracts of the proceedings of discussions at the Delhi meeting held on the 17th November 1944 on this connection were read out. The final decisions of that meeting as noted were also read out:

"(a) That price control was necessary both in respect of raw silk and silk fabrics.

(b) That the system of auctions in Madras and Mysore contributed to rise in prices, and will have to cease as soon as price control is introduced.

(c) That the method of applying the control should be as simple as possible. For this purpose, it was felt that silk fabrics should be classified under as few headings as possible eg. (1) Dhotis (grey or bleached) (2) Sarees (without borders, with gold and silver laced borders). (3) Suiting (4) Shirting

N.B.1. It will also be necessary to fix prices for silk manufactures in mills. No differentiation will be necessary. Principal Mill types such as Shannon, Ninecon, Georgette, etc., could be included in the schedule referred to above;

N.B.2. Lower prices for the fabric produced from waste silk, e.g. Karandi may be fixed by a simple formula of so many per cent below the price of the corresponding type of good quality fabric.

In the course of the discussion that ensued a suggestion was made that controlling the prices of silk fabrics was unnecessary as it was an article of luxury and that it should be left to supply and demand to adjust themselves. But the general sense of the meeting was that control was necessary.

It was accepted that the method of applying the control should be as simple as possible. The control prices should be fixed on the basis of the silk content and the quality and construction of the fabric rather

was held that the control of fabric should also be on an all-India ba
and that there should be uniform rates throughout India for specified
of fabrics. The adoption of control measures might also help standard
isation of production to some extent. The prices of fabrics should be
linked to the controlled price of raw silk and should be fixed on the
of the silk content and on the quality and construction of the fabric.
specially artistic and particular types of fabrics produced in any par
cular area, the Central Government may, with the aid of the Advisory C
ttee consisting of representatives of various governments, which was e
ted to be set up under the control scheme, decide prices and fix them
taking into consideration the special merits and circumstances of each
The desirability of stamping the prices on the fabrics as in the case
cotton fabrics was also stressed.

The Minister then briefly sketched the outline of the procurement
scheme for compulsorily bringing to the markets all the cocoons produc
the State, somewhat on the lines of the procurement scheme for food gr
and said that the scheme was being examined by Government and invited
views of the members regarding the desirability of adopting such a sch
He also pointed out that a very large portion of the present productio
of cocoons was becoming invisible and probably being smuggled out or f
its way into the black market. These malpractices had to be stopped.
The filatures were expected to go into full production shortly, it was
very necessary to see, that all cocoons including cocoons of the best
were brought to the markets. This would also help work the other co
measures more successfully. The meeting unanimously welcomed the sch

The Minister then informally sought the views of the members in th
matter of the proper distribution of the surplus that would accrue on
of the difference between the price at which Government would take ov
raw silk and the controlled price at which it would be released for ei
use, which of course would be higher. As per existing orders, the su
is distributed in three equal parts to the rearers, to the charka reel
and the silk development fund. Suggestions were made that it was dee

desirable to admit the Filatures also to a fair share of the supplies as the policy of the Government was to encourage the filature industry and to gradually eliminate the charkas. The filatures were making sacrifices in the process of making contribution to war supplies and they should be given the best encouragement and preferential treatment over charkas. It was also suggested that the rearer had also to be shown special consideration particularly in view of the contemplated procurement scheme. After some discussion regarding the proportion of distribution to the various interests, it was finally agreed that it would be to the satisfaction of all the parties concerned if the allocation were fixed as follows:-

40 per cent to the rearers,
25 per cent to the development fund and
35 per cent to reelers to be distributed in the ratiom of 21:14 between filatures and charka reelers.

The meeting then terminated.

S. App. F VI--G 2]

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/ *No. of letter replied to* .....

General and Revenue Secretariat

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the *194* .

of issue .....194 .

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realised from the auction sales of silk

his be—

(i) printed ?

(ii) treated as a standing order ?

(iii) published in the Gazette, English Part ?

(iv) translated ?

(v) placed at the disposal of the press ?

(vi) published in the Gazette, Kannada Part ?

Section Seri

File No. 251-43

Serial No. 4.

Proceedings of the Government of His Highness the Maharaja of Mysore.

Read—

G.O.No.2222-3/Seri.37-43-2 dated the 16th September 1943, sanctioning the organisation for the working of the Silk Control Order 1943, and directing inter alia that the expenditure on the Control organisation will be met from the profits and the balance left over apportioned in equal shares

(a) for the benefit of the rearers;
(b) reelers, and
(c) for the development of the sericultural industry in the State.

2. G.O. No.D.6608-9/Seri.97-43-3 dated the 19th April 1944 issuing instru-tions among other things, for the distribution of the surplus (being the difference between the controlled price and the sale price of silk) realised in the auction sales of silk under the Silk Control Order.

Order thereon—No.

3. Record note of decisions at the meetings held on the 18th and 20th Decr. 1944 in the Chambers of the Minister, F.C.S. to consider, among other things, the question of the revision of the system of distributing of the surplus.

Order No. 6647-48/Seri 251-43.

Dated. 5-4-1945

The private filatures participatin in the Silk Filature Expansion Scheme have been representing that they should

above and urged that it is on account of the fact that almost all filature silk is being supplied for war purposes, that charka silk released for civilian use is fetching high prices in auctions resulting in the surpluses. They represent that they are making a vital contribution to the war effort, selling their product at a fraction of its present market price and ~~they state~~ that the margin of profit allowed to them is inadequate, and that they are in a far less favourable position than chark reelers. ~~Representations~~

Representations have been made in the U.P.A. on behalf of the rearers of cocoons that their share of the surplus should be enhanced.

The Govt. of India have also suggested that with a view to giving greater encouragement to the filatures to step up and expand production, the question of altering the basis of allocating the surplus may be considered by this Govt.

After a consideration of the question in all its aspects, Govt. are pleased to direct that the present basis for the distribution of surplus ~~List of Enclosure~~ as per the G.O. read above be continued, pending the fixation of silk prices on an all-India basis, with the modification that the filatures will also share in the one-third surplus distributable to reelers, on the basis of the value of silk delivered. The filatures will be entitled to share in the surplus as above, from the date they cease to get reimbursed for loss on renditta and subject to the condition that the annual dividend distributed by them, is limited in every case to ~~12~~ 12½% (twelve and a half per cent).

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Examined by

~~per cent of the amount of surplus distributable~~

They further direct that fifty per cent of the amount of the share of surplus distributed to rearers ~~max~~ be issued in the form of National Savings Certificates, where the total amount payable to the individual rearer exceeds Rs.20/- (twenty rupees).

Sd/- 2/4/45

Additional Secretary to Govt.

To

To 31.3.45

The S.C., F.E.S.,
The Comptroller through F.D.

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

:-

[illegible] No.2222-3/Ser1.37-43-3 dated the 16th September 1943, sanctioning organisation for the working of Silk Control Order 1943, and directing inter alia that the expenditure on the Control organisation will be met from profits realised from the auction sales of silk and the balance left over tioned in equal shares.-

(a) for the benefit of the reelers,
(b) reelers, and
(c) for the development of the sericultural industry in the State.

2. [illegible] No.6663-3/Ser1. 37-43-3 dated the 19th April 1944 issuing instructions among other things, for the distribution of the surplus (being the difference between the controlled price and the sale price of silk) realised from auction sales of silk under the Silk Control Order.

No. D. 6647-48/Ser 25-1-43-4

[illegible] 22nd APRIL 1945, 5th APRIL 1945.

The private filatures participating in the Silk Filature Expansion Scheme have been representing that they should also be given a share of the surplus allowed to reelers in the Government Orders read above and have - pointed out, in support of their contention, that almost all filature silk is supplied for war purposes, that charka silk released for civilian use fetches high prices in auctions resulting in the surplus. They represent that they are making a vital contribution to the war effort, selling their product at a fraction of its present market price and that the margin of profit allowed to them is inadequate, and that they are in a far less favourable position than charka reelers.

The Government of India have also been requested to allow a reasonable margin of profit to the filatures to step up and expand production, the question of altering the basis of allocation of the surplus may be considered by Government.

After a careful examination of the question in all its aspects, Government are of the opinion that the present basis for the distribution of surplus, the Government Orders read above be continued, pending the fixation of prices on an all-India basis, with the modification that the filatures will also share in the one-third surplus distributable to reelers, on the basis of the value of silk delivered. The filatures will be entitled to in the surplus profits, from time to time, as they are to get reimbursed as recommended and subject to the condition that the annual dividend [illegible] limited in every case to 12½% (twelve and a half per cent.)

The Director of Sericulture will be in charge of the account of the share of the surplus allowed to be issued to the Board of National Savings - Lectures, where the sub-scription payable by the individual reeler exceeds - (twenty rupees.

[signature]

Additional Secretary to Government

To
The Special Officer, Silture Expansion Scheme, Kolar Gold Fields.
The Accountant General (through the Financial Secretary).

Appendix F. G.—1]

SUBJECT.....

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Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the 194 .

Date of issue 6-4-1945

Signed by M. T.S.

That This Govt have
issued orders admitting

List of enclosures.....

Copied by.....

Examined by.....

Section Seri

File No. 251-4

Serial No. 6

No. D. 6717/

To. The Director-General of Supply,
Directorate General of Supply,
Govt. of India,
New Delhi.

Sir,

Subject:- Surplus distribution scheme shares to filatures participating in the S.F.A. scheme.

With reference to the discussions at the Joint 1945 Silk Conference on the above subject, I am directed to inform you that the filatures participating in the S.F.A. scheme and engaged on war work ~~have been admitted~~ to a share in the surplus distributable to reelers, on the basis of the value of the silk delivered by them ~~into~~ ~~the~~ to the Govt. of India as the sub-standard silk, if any, brought in thereof into such as under the Silk Control Order. The arrangement ~~has been made~~ will take effect retrospectively from 1st April 1944 the filatures whose to get reimbursed in account of variations in respect of expenditure by the Govt. of India.

I have &c.,

Additional Secretary to

WD 6741—GPB—15,00.—80 10-44

P. T.

D.6718-20 6-4-1945

Copy to:

1) [illegible] Govt. of India, Directorate Gen. of Supply, Govt. of India, New Delhi.

2) Controller of Supplies, S.I. Circle, Ajmer.

3) Dy-Controller of Supplies, Bengal.

To
Addl Secy to Govt

D 6894-44

Dear Sir,

I am desired to enclose herewith a copy of the G.O. for your information

No. D. 6647-48/Seri 251-43-4 dated the 5th April 1945, relating to the allotment of a share to the Salaries in the distribution of Surplus.

Yours Sincerely,

To

1) Rajasabhabhushana Diwan Bahadur K.R. Srinivasa Iyengar, Esquire. Chairman, T.N.S.S. Co. Ltd. Chamarajpatna. (Camp—Bangalore)

2) Rajaseva Prasakta N. Rama Rao, Esq/B.A.B.L. Chairman, M.S.F. Ltd. T. Narsipur.

V. Sundaramurti, Esq. President, V.P.S. Co. Gorlidurru. — Palace Rd.

Mr.J.B.Mallaradhya, M.A.,
Additional Secretary to Govt.,

GENERAL AND REVENUE SECRETARIAT

Dated Bangalore, ...April 45.

Dear Sir,

I am desired to enclose herewith for your information a copy of the G.O.No.D.6647-48/Feri. 251-10-4 dated the 5th April 1945, relating to the allotment of a share to the filature in the distribution of surplus.

Yours sincerely,

for Secretary to Govt.